



**To the Honorable Council
City of Norfolk, Virginia**

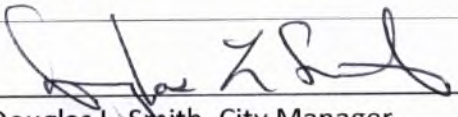
July 18, 2017

From: Dr. Susan Perry, Special Assistant to the City
Manager, City Manager's Office of Resilience

Subject: Cooperation Agreement for
St. Paul's Area Redevelopment

Reviewed: 
Michael G. Goldsmith, Deputy City Manager

Ward/Superward: 4/7

Approved: 
Douglas L. Smith, City Manager

Item Number:

R-9

I. **Recommendation:** Adopt Ordinance

II. **Applicant:** City of Norfolk

III. **Description:**

This agenda item is to approve a Cooperation Agreement with the City of Norfolk (the "City") and the Norfolk Redevelopment and Housing Authority ("NRHA") for the redevelopment of the St. Paul's Area. The Cooperation Agreement creates the St. Paul's Redevelopment Area; describes the roles for the City and NRHA in the development and implementation of the plan; includes the creation of an entity to assist with the development and implementation of the plan; and authorizes the expenditure of up to \$2 million in funding.

IV. **Analysis**

The City desires to work with the community and NRHA to develop a coordinated long term strategy for the redevelopment and maintenance of aging public housing sites and the deconcentration of poverty. The cooperation agreement establishes a general working agreement between the City and NRHA to coordinate planning and implementation activities to the extent funded and approved by the City Council.

Planning efforts for the St. Paul's Quadrant began in 2005 when residents, businesses, and the City developed plans to transform the area into a mixed income, mixed-use neighborhood with pedestrian friendly development. This planning effort led to a vision for the expanded area as identified in the 2015 Choice Neighborhood Initiative Transformation Plan. More recently, plans have further evolved based on Norfolk's participation in the Commonwealth of Virginia's funding application under the National Disaster Resilience Competition ("NDRC"). A component of Virginia's application called for demolition of Tidewater Gardens and Calvert Square in order to remove Public Housing from flood-prone areas and the introduction of innovative storm water techniques that will allow development of new mixed-

income communities within this area. Implementing the recommendations of Norfolk's Plan to Reduce Poverty, the City began discussions in 2016 with a nonprofit consulting group, Purpose Built Communities, involving a comprehensive model that links housing, education, workforce development, transportation and health services. The model is people-centered and neighborhood based.

The St. Paul's Area is broadly defined as the area from St. Paul's Boulevard on the west, Virginia Beach Boulevard on the north, Tidewater Drive on the east, and the City Hall Avenue on the South. The area includes three public housing communities: Young Terrace (746 units), Calvert Square (310 units) and Tidewater Gardens (618 Units).

Young Terrace, Calvert Square and Tidewater Gardens provide housing for disadvantaged families, mostly with extremely low household incomes. The impact of this concentrated poverty as well as the barriers imposed by the physical obsolescence of the public housing often prevents these families from reaching economic empowerment and self-sufficiency. Providing residents better housing choices and enhanced opportunities for lifelong success will be one of the most important components of the Plan.

A revitalized St. Paul's Area should provide a once in a generation opportunity for people and place and will create an economic engine that will benefit the whole city and be a walkable community in which all functions of daily life are available — a vibrant, healthy neighborhood where people of all ages can live, work, learn, play and take pride in their community.

The Plan will be developed in accordance with this vision and with community input and the approval of City Council.

V. Financial Impact

The City of Norfolk's Capital Improvement Plan included \$2,000,000 in FY 2018 for the redevelopment of the St. Paul's Area into a mixed-use, mixed-income development in order to deconcentrate poverty and enact place-based initiatives.

VI. Environmental

n/a

VII. Community Outreach/Notification

Public notification for this agenda item was conducted through the City's agenda notification process.

VIII. Board/Commission Action

By a vote of **7 to 0**, NRHA approved a Resolution Authorizing the Creation of Entities and the Execution of a Cooperation Agreement to Support the Redevelopment of St. Paul's Area on July 13, 2017, subject to the approval of the City Council.

IX. Coordination/Outreach

This letter and ordinance have been coordinated with the City Manager's Office, the City Manager's Office of Resilience, City Attorney's Office, and the Norfolk Redevelopment and Housing Authority.

Supporting Material

- Ordinance
- Cooperation Agreement – St. Paul's Area Redevelopment

7/13/2017-1m

Form and Correctness Approved:

By [Signature]
Office of the City Attorney

NORFOLK, VIRGINIA

Contents Approved:

By [Signature]
DEPT. Executive

Pursuant to Section 72 of the City Charter, I hereby certify that the money required for this item is in

the city treasury to the credit of the fund from which it is drawn and not appropriated for any other purpose.

\$ 2,000,000 — 4000-2-4234
[Signature] Account
Director of Finance 7/13/17
Date

ORDINANCE No.

AN ORDINANCE APPROVING A COOPERATION AGREEMENT REGARDING THE REDEVELOPMENT OF THE ST. PAUL'S AREA INCLUDING THE DEVELOPMENT AND IMPLEMENTATION OF A REDEVELOPMENT PLAN, CREATION OF AN ENTITY AND THE EXPENDITURE OF UP TO \$2,000,000 HERETOFORE APPROPRIATED.

- - -

BE IT ORDAINED by the Council of the City of Norfolk:

Section 1:- That the attached Cooperation Agreement which creates the St. Paul's Redevelopment Area, describes roles for the City and the Norfolk Redevelopment and Housing Authority ("NRHA") in the development and implementation of a plan for this redevelopment area, including but not limited to the creation by NRHA of an entity, is hereby approved.

Section 2:- That in accordance with the Cooperation Agreement the expenditure of up to \$2,000,000 of funds heretofore appropriated is hereby approved.

Section 3:- That this ordinance shall be in effect from and after its adoption.

**Cooperation Agreement
St. Paul's Area Redevelopment**

This Cooperation Agreement ("Cooperation Agreement") is made and entered into as of the ____ day of June, 2017, by and between the Norfolk Redevelopment and Housing Authority, a duly organized and existing body corporate and politic constituting a political subdivision of the Commonwealth of Virginia (the "Authority"), and the City of Norfolk, Virginia, a municipal corporation of the Commonwealth of Virginia (the "City").

Whereas, the Norfolk City Council established the Authority under state law in 1940 to provide for public housing assistance and neighborhood redevelopment in the City of Norfolk;

Whereas, cooperation and coordination between the City and the Authority is essential in maintaining and improving the stock of affordable housing in the City through effective planning and communications;

Whereas, the City and the Authority have worked cooperatively together in the improvement of neighborhoods throughout the City, transforming nearly 6,000 acres in over 40 redevelopment and conservation project areas;

Whereas, the work of the Norfolk Commission on Poverty reduction calls for stabilizing stressed neighborhoods and deconcentrating poverty by creating mixed-income, mixed-use neighborhoods that are safe and thriving while increasing access to jobs, neighborhood amenities, and quality affordable homes;

Whereas, the City desires to work with the Authority and the community to develop a coordinated long term strategy for the redevelopment and maintenance of aging public housing sites and the deconcentration of poverty as part of its affordable housing strategy; and

Whereas, the City and the Authority desire to improve the St. Paul's area ("St. Paul's Area") and the living conditions for the residents living in the Young Terrace, Calvert Square and Tidewater Gardens communities, as well as the surrounding area (collectively, "the Redevelopment" or "Redevelopment Area") shown on Attachment A.

Now, therefore, in consideration of the public benefits to accrue to the City and its citizens from the undertaking and carrying out of this project, and of the mutual covenants hereinafter set forth, the Authority and the City hereby agree as follows:

I. Purpose

The City and Authority hereby approve the Redevelopment and establish a general working agreement between the City and the Authority to coordinate their activities in support of development of the Plan for the Redevelopment Area (the "Plan") and in the implementation of the Plan to the extent funded and approved by City Council.

II. Background

Planning efforts for the St. Paul's Quadrant began in 2005 when residents, businesses, and the City developed plans to transform the area into a mixed income, mixed-use neighborhood with pedestrian friendly development. This planning effort led to a vision for the expanded area as identified in the *2015 Choice Neighborhood Initiative Transformation Plan*. More recently, plans have further evolved based on Norfolk's participation in the Commonwealth of Virginia's funding application under the National Disaster Resilience Competition ("NDRC"). A component of Virginia's application called for demolition of Tidewater Gardens and Calvert Square in order to remove Public Housing from flood-prone areas and the introduction of innovative storm water techniques that will allow development of new mixed-income communities within this area. Implementing the recommendations of Norfolk's Plan to Reduce Poverty, the City began discussions in 2016 with a nonprofit consulting group, Purpose Built Communities, involving a comprehensive model that links housing, education, workforce development, transportation and health services. The model is people-centered and neighborhood based.

The City and the Authority are working with Purpose Built Communities on a community plan for the St. Paul's Area with the goal of implementing a holistic revitalization effort with transformative programs and best-in-class services. Purpose Built Communities is contributing technical assistance toward the development of this comprehensive neighborhood revitalization plan. The Plan may be developed incrementally and may be implemented incrementally by either a Master Developer (one primary developer) or multiple developers.

The St. Paul's Area is broadly defined as the area from St. Paul's Boulevard on the west, Virginia Beach Boulevard on the north, Tidewater Drive on the east, and the City Hall Avenue on the South. The area includes three public housing communities: Young Terrace (746 units), Calvert Square (310 units) and Tidewater Gardens (618 Units).

Young Terrace, Calvert Square and Tidewater Gardens provide housing for disadvantaged families, mostly with extremely low household incomes. The impact of this concentrated poverty as well as the barriers imposed by the physical obsolescence of the public housing often prevents these families from reaching economic empowerment and self-sufficiency.

Providing residents better housing choices and enhanced opportunities for lifelong success will be one of the most important components of the Plan.

The impact of poverty goes well beyond housing. The City and the Authority is working with Purpose Built Communities to develop the Plan which will be a comprehensive and holistic approach to neighborhood transformation designed to improve all aspects of the St. Paul's Area, including the physical, educational, recreational, commercial and social attributes.

III. Vision for the St. Paul's Area

The Plan includes revitalizing the St. Paul's Area to become one of Norfolk's most desirable neighborhoods where families and residents from all income levels, races, ages and cultures can live, learn, work, play and thrive. The Plan is intended to transform an area with a high concentration of poverty into a mixed-income, mixed-use community of opportunity. The Plan will leverage, connect and extend the work in Norfolk's adjacent downtown district. The crown jewel of the neighborhood will be the transformation of the low-lands area that is often devastated by flooding into a water eco-center comprised of great parks and green spaces, as well as a dynamic living laboratory to provide research, educational and recreational opportunities for Norfolk residents, the region and the world. Norfolk will no longer be *on the water* but rather will be *of the water*.

The Plan will integrate the physical transformation with a comprehensive approach to the community needs: education, jobs, health and wellness. The Plan will include first class mixed-income rental and for sale housing, high performing neighborhood schools focused on Science, Technology, Engineering, Arts and Mathematics and project-based learning, and high quality retail, commercial and medical uses, especially along a revitalized Church Street.

The Plan will include the use of science and technology to improve living conditions and create unique assets for people around water. It is intended that the open space design will both protect the area from flooding and provide beautiful parks and gardens. A goal of the redevelopment is to gain recognition for resilient incorporation of water, parks and recreation areas making the area one of the most visited in the Commonwealth of Virginia. The new St. Paul's Area should attract innovative research and technology firms, thereby providing new employment opportunities for residents at all economic levels.

A revitalized St. Paul's Area should provide a once in a generation opportunity for people and place and will create an economic engine that will benefit the whole city and be a walkable community in which all functions of daily life are available — a vibrant, healthy neighborhood where people of all ages can live, work, learn, play and take pride in their community.

The Plan will be developed in accordance with this vision and with community input and the approval of City Council.

IV. Goals, Desired Outcomes and Guiding Principles

The City and the Authority mutually agree to cooperate to achieve the following goals and desired outcomes with respect to the Redevelopment initiative in accordance with the guiding principles described below.

Goals:

- Deconcentrate poverty and develop high quality mixed-income, mixed-use communities of choice;
- Increase self-sufficiency, financial independence and successful outcomes for disadvantaged families through the provision of suitable housing choices and capacity-building supportive services; and
- Provide access to excellent educational opportunities in partnership with Norfolk Public Schools, local colleges and universities and early childhood education institutions.

Desired Outcomes:

- Transformation of the St. Paul's Area with high concentration of poverty into a mixed income, mixed use community of opportunity;
- Coordinated physical transformation with a comprehensive approach to community needs: education, jobs, health and wellness as well as affordable housing;
- Choices for current residents: To find better housing choices in neighborhoods that meet the needs and honor the preferences of residents, either within or outside of the St. Paul's Area;
- Sufficient availability of effective supportive services to ensure success for those residents whose housing choices are affected by the Redevelopment;
- St. Paul's Area becomes one of Norfolk's most desirable neighborhoods where families and residents from all economic strata, races, ages and cultures can live, learn, work, play and thrive;
- Redevelopment efforts in the St. Paul's Area shall be accompanied by comprehensive City-wide affordable housing strategies that ensure that neighborhoods throughout the City of Norfolk are strengthened;
- The economic vitality and sustainability of the Norfolk downtown district is expanded;
- Low-land areas of the St. Paul's Area that often flood are transformed into a water eco-center comprised of great parks, green spaces and environmental research areas to provide educational and recreational opportunities for all ages;

- Resilient incorporation of water, parks and recreational areas leading to the attraction of innovative research and technology firms, thereby providing new employment opportunities for residents at all economic levels; and
- Development of high quality retail, commercial and medical uses, especially along a revitalized Church Street.

Guiding Principles:

- Community redevelopment decisions shall be family-focused;
- Satisfying the housing choices of families affected by the redevelopment of their communities shall be the highest priority;
- Economic development benefits can mitigate costs but not outweigh family-focused decision making;
- Revitalization strategies shall strive to have positive impacts on surrounding neighborhoods;
- Decision making will reflect continuous input, transparency and feedback from all stakeholders; and
- Collaborative partnerships shall be pursued to assist families in building capacity to make successful choices.

V. Governance and Implementation

Cooperative efforts by the City and the Authority shall be governed by the Plan and assisted by one or more new single purpose entities. In addition to the approval of this Cooperation Agreement, it is anticipated that the Norfolk City Council and the Authority's Board of Directors will approve the Authority's creation of new entities, including a new single purpose entity ("SPE") that will serve as a private entity to assist the development and implementation of the Plan as deemed necessary or expedient by the City Manager.

Governing Board:

The SPE Board (the "Board") shall consist of the City Manager, at least one additional City employee, the Executive Director of the Authority and at least one additional Authority employee. The City Manager and Executive Director will serve as Chair and Vice Chair, respectively, and will have authority to appoint additional Board members. The Board shall provide direction to, and oversee the activities of, the staff and/or consultants of the SPE in relation to the Plan.

Responsibilities of the SPE and the Board:

The SPE's responsibilities may include, but are not limited to:

- Oversee policy implementation as it relates to the objectives of the Plan;

- Draft the vision, mission and strategic goals of the Plan, initiate and implement an annual work plan and budget and oversee the work of the third party development organizations;
- Hire and oversee a “Program Manager”, consultants and/or other staff;
- Approve a Master Developer and other contractors, as needed;
- Recommend a Master Development Agreement with the approved Master Developer or recommend multiple developers if more appropriate;
- Approve Memorandums of Understanding, Contracts, or Operating Agreements with the Norfolk Public School District and other partners, as needed;
- Review and approve plans for infrastructure, stormwater/resilience management, housing and commercial development;
- Recommend and develop infrastructure;
- Approve formation of subsidiary limited liability companies and/or corporations to participate in real estate developments, as needed;
- Monitor financial performance of the Redevelopment effort in comparison to established budgetary goals and parameters; and
- Monitor quality and performance of the staff and consultants and the processes and outcomes of the Plan as they relate to the mutual objectives and guiding principles of the City and the Authority.

Implementation Team:

Staff from the City and the Authority shall constitute the Implementation Team and shall support the efforts of the SPE and the implementation of the Plan. This Implementation Team shall be responsible for coordinating the City and the Authority’s departmental responsibilities related to the implementation of the Plan.

Disagreements among members of the Implementation Team shall be resolved by the SPE’s Board. If consensus cannot be reached at the Board level, the City Manager, as supported by City Council, will make a final determination.

Program Manager:

The SPE may hire a “Program Manager” to oversee the implementation of the Plan. The Program Manager would report directly to the Board and will be responsible for carrying out all directives given by the Board. The Program Manager will be responsible for coordinating, managing and directing multiple teams, work groups, consultants, and partners. Primary responsibilities will include, but not be limited to:

- Adhere to the vision, mission and strategic goals of the Plan, as well as follow all policies developed by the Board or required by the City and the Authority;
- Develop an annual work plan and budget and report to the Board on progress, no less than quarterly;

- Manage the solicitation and recommendation of a Master Developer or multiple developers and all other third party firms needed for the Plan;
- Structure, negotiate and recommend development agreements, contracts and memorandums of understanding to the Board;
- Coordinate and manage consultants, working groups, and partners;
- Meet monthly or as directed by the Board with assigned City and Authority staff;
- Develop, maintain and manage a communication plan which should be broad enough to communicate appropriately with a wide array of constituents;
- Actively participate in community engagement events;
- Monitor and evaluate data, research and various reports specific to the Plan; and
- Develop and maintain an information reporting flow to all partners working on or effected by the Plan.

Reporting:

The Board will convene at minimum quarterly and more frequently as needed. At the meetings, staff will report on items listed below and all other information as requested or appropriate:

- Progress of the implementation of the Plan;
- Progress of all approved contracts;
- Financial performance as compared to approved budget;
- Progress of staff and consultants; and
- Other business as needed.

The City Manager (Chair) and Executive Director (Vice Chair) will ensure the City Council and the Authority's Board of Commissioners are updated on the progress of the implementation of the Plan.

VI. Commitment of Resources

Funding to support the Plan shall come from multiple sources, including contributions from each organization, investments from public and private entities, grants, and private philanthropy. Any funding by the City is subject to the appropriation by the City Council. Any funding provided by the Authority is subject to approval by the Authority's Board of Commissioners.

Obligations of City of Norfolk:

- Any funding by the City is subject to appropriation by the City Council;
- Consider funding for non-housing related costs of relocation of public housing assisted residents, including family-based coaching and counseling;
- Consider funding for demolition of the public housing properties;

- Consider funding for public improvements in the public right-of-way. Possible sources of funding include Special Purpose Revenue Bonds; Special Purpose Local Option Sales Tax and/or Tax Increment Financing through the creation of a Tax Allocation District;
- Where legally permissible, provide continued tax exemption for public-housing assisted-units in the mixed-income communities;
- Establish a process for expedited permitting and inspections;
- Lead and coordinate opportunities for special project funding for water management, Federal Infrastructure projects; green projects, and other related projects;
- Support the development of high quality retail, commercial and medical uses;
- Facilitate and support a healthy relationship with Norfolk Public Schools.

While future City Councils are not required to take actions requested by or needed to implement the Plan, the City Administration will seek local funding, as needed, to support demolition and relocation costs projected to be \$2.5 million annually for the next ten years (estimated at \$15,000 per unit). Funding and implementation of demolition and tenant relocation assistance for Young Terrace, Calvert Square and Tidewater Gardens residents would be provided in accordance with publicly developed plans and timetables that will include resident input and support. Staff will recommend that future City Councils continue to support this effort and include potential line items in their budgets. All financial obligations of the City are subject to appropriation by the Norfolk City Council. The City will not have any funding obligations unless and until appropriated by the City Council. All financial obligations of the Authority are subject to approval by the Authority's Board of Commissioners. The Authority will not have any funding obligations unless and until approved by the Authority's Board of Commissioners.

Obligations of Norfolk Redevelopment and Housing Authority:

The Norfolk Redevelopment and Housing Authority commits to seeking U.S. Department of Housing and Urban Development (HUD) funds or other sources to support the Redevelopment effort.

- Plan and coordinate its funding and staffing commitments with the revitalization of the St. Paul's Area as a top priority;
- Take steps to organize the SPE and any other entities, as needed;
- Prepare and submit demolition/disposition applications with HUD as agreed to support the Redevelopment;
- Apply for tenant protection vouchers to support relocation of the affected residents impacted by the Redevelopment;
- Identify and facilitate access to additional housing opportunities in the City of Norfolk and the surrounding areas;
- Solicit and apply for new funding to support the Redevelopment;
- Facilitate and support a healthy relationship with Norfolk Public Schools.

Internal Program Delivery Costs: While the Authority will seek the recoupment of program delivery costs through other funding sources, no funding provided under the Capital Improvement Project (CIP) St. Paul's Area Transformation project will be used to support the Authority's salaries, fringe benefits or overhead.

Joint Commitment:

Real property controlled by the City and the Authority shall be considered as resources for implementation of the Plan and parties agree to work together to resolve all issues related to deed requirements. The disposition of any City property requires approval by City Council.

The City and the Authority shall mutually endeavor to support the Redevelopment effort by providing resources and helping to identify additional private, public and philanthropic resources and financing opportunities to leverage and/or supplement the Plan.

The City and the Authority commit to jointly developing and executing a landlord and community outreach program to encourage the development and accessibility of quality, affordable and accountable rental property development throughout the City of Norfolk.

The City and the Authority agree to pursue steps necessary to establish a Community Quarterback organization that will join the Purpose Built Communities network and will ensure the Redevelopment effort achieves the mutual goals, desired outcomes, and guiding principles identified herein.

The City and the Authority shall cooperate on the procurement of services and expertise required from third party entities, including development contractors in accordance with all federal, state and local statutes and implementing regulations.

The City and the Authority agree to provide other services as appropriate, such as home ownership opportunities for qualified families, employment training opportunities, and other special training and employment programs for residents.

VII. Amendments and Notices

Any amendments to this Cooperation Agreement shall be in writing, authorized by the governing bodies of the City and the Authority, and evidenced by the authorized signatures of the City Manager and the Executive Director of the Authority.

All notices, certificates, requests or other communications under this Cooperation Agreement must be in writing and will be deemed given, unless otherwise required, when mailed by registered or certified mail, return receipt requested, to the addresses set forth below:

If to the City:

City of Norfolk, Virginia
City Manager's Office
1101 City Hall Building
810 Union Street
Norfolk, Virginia 23510
Attention: Douglas L. Smith, City Manager

If to the Authority:

Norfolk Redevelopment and Housing Authority
555 East Main Street
Norfolk, Virginia 23510
Attention: John C. Kownack, Executive Director

Witness the execution hereof by the duly authorized officials of the City and the Authority
as of the day and year first set forth above.

CITY OF NORFOLK

By: _____
City Manager

ATTEST:

By: _____
City Clerk

Signature Page continues on next page 11

NORFOLK REDEVELOPMENT AND
HOUSING AUTHORITY

By: _____
Executive Director

ATTEST:

By: _____
APPROVED AS TO FORM AND CORRECTNESS:

By: _____
City Attorney

APPROVED AS TO FORM AND CORRECTNESS:

By: _____

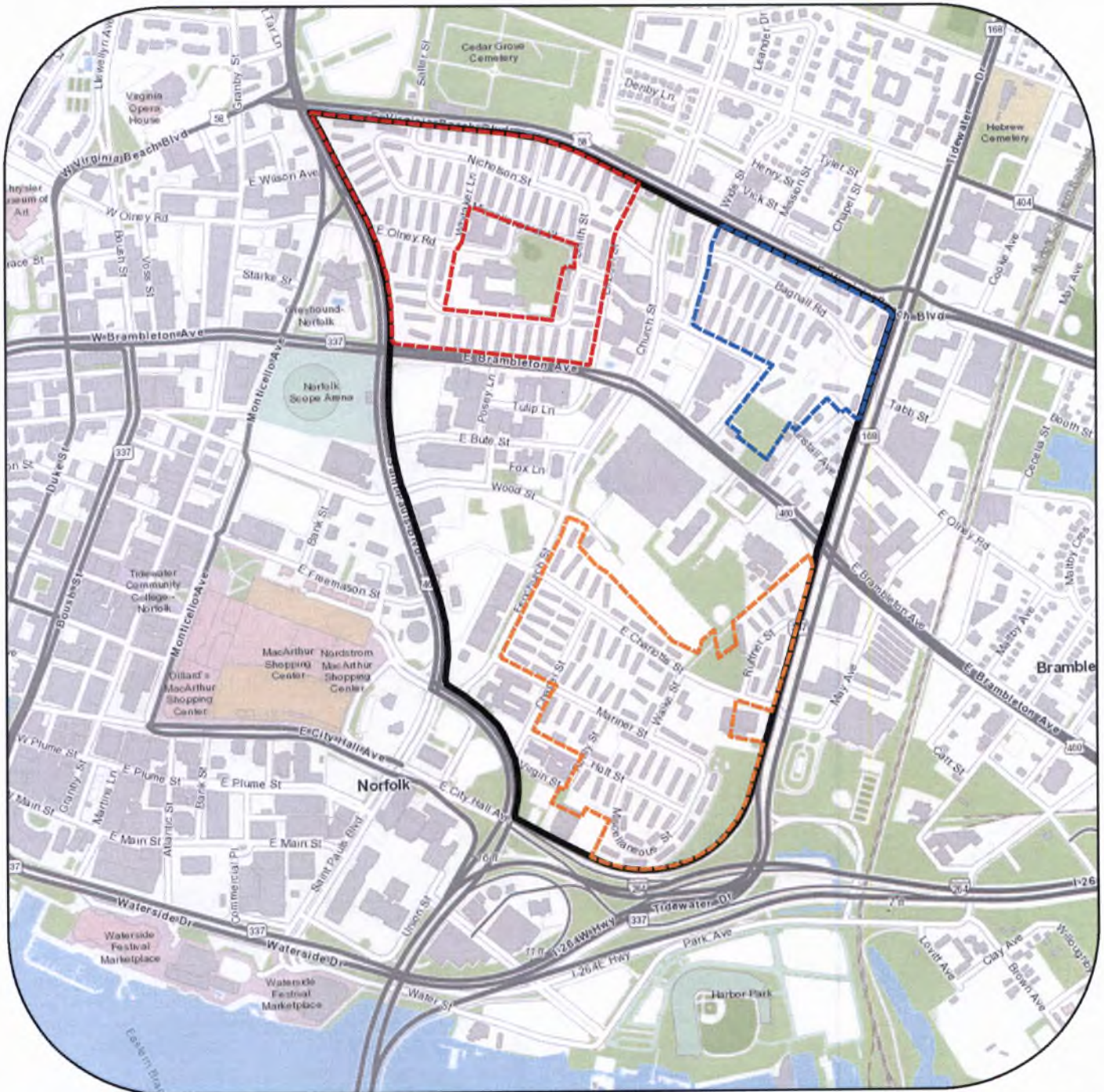
CERTIFICATION

I hereby certify that the money for the commencement of this Agreement is in the City Treasury to the credit of the fund from which it is to be drawn and not appropriated for any other purpose; other financial obligations of the City are subject to appropriation and will later be certified.

ACCOUNT: _____
AMOUNT: _____
CONTRACT NO.: _____
VENDOR NO.: _____
BUSINESS LICENSE NO.: _____

Director of Finance Date

St. Paul's Redevelopment Area



LEGEND

- St. Paul's Redevelopment Area
- Calvert Square (310 Units)
- Young Terrace (746 Units)
- Tidewater Gardens (618 Units)

